

**THE RHODE ISLAND CONVENTION CENTER AUTHORITY
MEETING OF THE
AUDIT COMMITTEE**

June

24,

2008

A meeting of the Audit Committee of the Rhode Island Convention Center Authority (hereinafter referred to as “Authority”, the “CCA” or the “Board”) was held on June 24, 2008, pursuant to notice, at the Rhode Island Convention Center Boardroom, One Sabin Street, Providence, Rhode Island.

Board members present were, Committee Chairman, Jeff Hirsh, Commissioners David A. Duffy, Bernie Buonanno, George Nee, Paul MacDonald and Dale Venturini.

Also in attendance, Jim McCarvill, Betty Sullivan and Donald Nadeau, Convention Center Authority; Larry Lepore, SMG/DDC; Tim Muldoon, Deb Tuton and Nancy Beauchamp, SMG/RICC; Bruce Leach, Legal Counsel; Robert Bromley, Senate Fiscal Office; Susan Johnson, Frank Champi and Michael Crawley, LGC&D; Maureen Gurghigian and Steve Maceroni, First Southwest; Susan Calise, Bank of New York and Eileen Smith, Recording Secretary.

Mr. Hirsh called the meeting to order at 1:25 p.m.

Mr. Hirsh asked Ms. Sullivan to address the Committee. Ms. Sullivan reported that the audit kick-off meeting had occurred on June 2nd and everyone was looking forward to a smooth audit process. Ms. Sullivan noted that Ms. Johnson, Mr. Crawley and Mr. Champi of LGC&D were in attendance to update the Committee on the new requirements and to answer any questions on the audit procedures. Ms. Sullivan also noted that there are issues relating to Convention Center Bonds and said that Maureen Gurghigian and Steve Maceroni of First Southwest and Susan Calise of Bank of New York would speak to those issues following the progress report on the audit.

Ms. Sullivan introduced the audit team. Ms. Johnson began the Power Point presentation by highlighting the Audit Committee's role which is to provide oversight of management's responsibility for financial reporting, assess risks in business processes, understand control procedures designed to mitigate risks and monitor management activities on a periodic basis. Ms. Johnson stated that the auditors would report to the Board through the Audit Committee. She noted that LGC&D's responsibilities include a pre-engagement discussion of the scope of the engagement, interim reports in the event of significant deficiencies or suspicion of fraud and the post-engagement meeting to discuss results and observations. Ms. Johnson presented the timetable for the audit to assure completion and acceptance by the Auditor General by September 30th. Mr. Crawley reported on new pronouncements SAS 103 through 112. He said that the pronouncements increase management's responsibility

for financial reporting and will increase the type and scope of information requested by the auditors. Mr. Crawley noted that the pronouncements relate to audit documentation and risk assessment. Mr. MacDonald asked if these are new requirements. Mr. Champi said that some new things need to be disclosed. Mr. Crawley noted that Mr. Champi is management's representative during the audit process.

Mr. Duffy wanted assurance that having Mr. Champi as our representative is not a conflict. Mr. Champi gave that assurance. Mr. Nee asked if we should hire another accounting firm. Mr. Champi said that we could but it is not necessary. Mr. Crawley noted the materiality threshold for the Authority's audit. Ms. Johnson explained that the threshold represents how much the financial statements could be subject to adjustment. Mr. Hirsh asked if there is an industry standard. Mr. Leach said that the amount was within the Auditor General's guidelines. Mr. Hirsh asked Mr. Champi if he was comfortable with the materiality threshold. Mr. Champi said that his focus would be on other areas and situations rather than a number. Mr. Hirsh said that the timeline has been an issue in the past. Ms. Sullivan stated that it is no longer an issue.

Ms. Gurghigian addressed the Committee. She noted that because of a combination of market issues and the fact that MBIA has lost their AAA rating the Convention Center's 2001 Series A Bonds are being negatively affected. Mr. Duffy asked how many bond insurers are left.

Ms. Gurghigian responded that there are three remaining. Ms. Gurghigian stated that the Authority's options were discussed at a

meeting with Mr. McCarvill, Ms. Sullivan, Bond Counsel and Trustee and an RFP for re-marketing of the bonds had been issued. She distributed a summary of the responses to the RFP and noted that all firms are on the State's approved list. Mr. McCarvill stated that we need to act quickly to engage a new re-marketing agent. Mr. Nee noted that the Authority paid a substantial amount to MBIA insure the bonds and asked if there are any other State agencies facing the same issue. Ms. Gurghigian said that she thought there were. Ms. Sullivan noted that Banc of America Securities and Bank of America are related but separate companies. Discussions ensued regarding the firms that responded to the RFP. Mr. Duffy asked why not select Merrill Lynch because Morgan Stanley has higher up front fees. Ms. Gurghigian stated that First Southwest would be comfortable with any of the choices. Upon a motion duly made by Mr. Buonanno and seconded by Mr. Duffy it was unanimously

VOTED: To recommend the selection of Merrill Lynch as re-marketing and financial services agent, and also qualify Banc of America for the same services at the rates proposed by Merrill Lynch should the need arise.

Mr. McCarvill said that we are also looking for authorization to issue an RFP for a letter of credit. Upon a motion duly made by Mr. Buonanno and seconded by Mr. Nee it was unanimously

VOTED: To authorize the issuance of an RFP for a direct pay letter of

credit provider.

Mr. Hirsh thanked our advisors for their assistance.

Upon a motion duly made by Mr. Nee and seconded by Mr. Duffy it was unanimously

VOTED: to adjourn at 2:15 p.m.